

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2026 - SB 2391

February 12, 2014

SUMMARY OF BILL: Removes the moratorium placed on municipal annexation and deletes language requiring the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) to complete a comprehensive review of state policies established within Tenn. Code Ann. Title 6, Chapters 51 and 58. Removes the ability of any municipality to annex territory upon its own initiative by ordinance, unless the county legislative body, by passage of a resolution prior to August 1, 2014, authorizes all municipalities within the county to annex territory. Such resolution would remain effective for the remainder of the twenty-year term of the comprehensive county growth plan.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$100/Permissive

Other Fiscal Impact - Due to multiple unknown variables a precise fiscal impact to local government property tax revenue cannot be quantified.

Assumptions:

- TACIR issued the required comprehensive report on January 14, 2014; therefore removal of language requiring the report will not impact the Commission.
- The provisions of the bill would require the county legislative body, prior to passage of a resolution, to hold a public meeting and publish notice of the public meeting in a newspaper of general circulation.
- Any vote required on a resolution and any required public hearing can be accomplished at a regularly scheduled meeting of the county legislative body.
- Based on responses to the 2013 Local Government Survey conducted by the Fiscal Review Committee, participating local officials reported an average cost of \$108 per notice published.
- At least one county will publish notice in a newspaper of general circulation resulting in a permissive increase in local government expenditures exceeding \$100.
- Due to multiple unknown variables, such as the number of municipalities who will be authorized to annex property, the number of municipalities that will desire to annex territory but will be unable to annex, the extent of any property annexed, the extent of any property unable to be annexed, the value of such properties, and the extent of subsequent development that would occur on any annexed property, the fiscal impact to local government revenue cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh